

Comptroller

Deputy Comptroller

Finance Division

Document No.	025
No Change in Class.	<input type="checkbox"/>
<input checked="" type="checkbox"/> Declassified	
Class. Changed To:	TS S G
Auth:	HR 70-2
Date:	19/08/78

JUN 19 1953

REF : Memorandum 10 June 1953, Chief, TAS, to Deputy Comptroller, entitled "Cost Accounting and Reporting Procedures"

1. The referenced memorandum sets forth in detail conclusions reached concerning the type of reports which should be produced by the Finance Division to show costs of Agency activities and projects.

2. Until we established property inventories, investments in proprietary projects and other similar assets as assets, all appropriation expenditures were recorded as costs, with the result that costs were overstated to the extent that the Agency obtained asset values from the expenditures. Effective 1 May 1953 the Finance Division accounting system was revised to more properly reflect the effect of various operating transactions. Asset accounts have been established to show property inventories, including property in warehouses and in use, and [REDACTED]. The amounts established in these asset accounts are recorded as expenditures against appropriation allotments as heretofore; however, the effect of such asset acquisitions on costs hereafter ordinarily will be recognized in the accounts only as follows:

Property:

Expendable - As issued to activities or projects or to building supply offices.

Non-expendable - As disposed of in the case of property placed in use, or as issued to field areas for which financial property control procedures have not been placed in effect.

3. The cost procedures represent only the first step of an evolutionary process which is expected to develop over a period of several years before determination is made as to the most practicable and informative cost data to be provided for use by management at the various levels of control. The present plan

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contemplates the following reports:

a. As of 30 April and 31 May 1953:

- (1) Cumulative costs, by object classifications, for each office, division, station, or project, from 1 July 1950 through the end of the report month.

b. As of 30 June 1953:

- (1) Same as a (1)
- (2) Cumulative costs, by object classifications, for each office, division, station, or project, for the fiscal year 1953.

c. As of end of each month beginning 1 July 1953:

- (1) Same as a (1), arranged for distribution to specific offices and divisions concerned.
- (2) Cumulative costs, by object classifications, for each office, division, station, or project, for the current fiscal year through the end of the report month, arranged for distribution to specific offices and divisions concerned.

d. As soon as practicable on a monthly basis:

- (1) Cost report showing for the current fiscal year or from 1 July 1950 to date, by offices, divisions, stations, or projects, comparisons of cumulative costs with amounts approved for the respective activities.

4. The proposed cost reporting plan pertains only to costs recorded by the Finance Division and omits costs resulting from the expenditure of vouchered funds recorded only by the Fiscal Division. Further reports will be developed for costs recorded by the Fiscal Division and coordinated with the reports provided for in the attachment.

5. A further limitation on the cost reports provided for in the attachment results from the fact that financial control of property is at present limited to the continental limits of the United States, so that property stockpiled overseas is considered as a current charge to costs either (1) when purchased overseas,

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or (2) when shipped overseas if previously stockpiled in the U.S.

6. Another area for further development at a later date relates to costs for the period from the organization of the Agency (20 October 1946) to 30 June 1950. Electric accounting machine punch cards are not available in the Finance Division for the period prior to 1 July 1950 so that analyses of detailed pen and ink records will be required in order to complete costs for the entire period from organization to the current date. This cost information will be compiled as a separate project as soon as the necessary staff can be assigned thereto.

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Attachment - Addressee Only.

TAS/FWG:gmk (18 June 1953)

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